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May 16, 1996

BY HAND DELIVERY

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 (CC Docket No. 96-98)

Dear Mr. Caton:

Enclosed for filing are the original and twelve copies (plus two copies that have been annotated "Extra Public Copy") of the Comments of LDDS WorldCom. In addition, a diskette in WordPerfect 5.1 format has been submitted to Janice Myles, Common Carrier Bureau.

Please return a date-stamped copy of the enclosed (copy provided).

Respectfully submitted,

Peter A. Rohrbach
Counsel for LDDS WorldCom

Enclosures

cc: Janice Myles, Common Carrier Bureau
ITS

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of the Local	)	CC Docket No. 96-98
Competition Provisions in the	)	
Telecommunications Act of 1996	)	

COMMENTS OF LDDS WORLDCOM

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May 16, 1996

EXECUTIVE SUMMARY

WorldCom, Inc., d/b/a LDDS WorldCom ("LDDS WorldCom" or "WorldCom") commends the Commission for its excellent start toward implementation of the crucial local competition provisions of the 1996 Act. The Notice of Proposed Rulemaking is consistent with the Act's recognition that local competition is possible only if all carriers are able to use the incumbent LEC ("ILEC") local network at cost-based rates and non-discriminatory terms. Whereas today we require use of the ILEC network for interexchange access, in the future we will require it to provide local services as well. Indeed, as the Act breaks down artificial lines between local and toll service, and firms compete on a full service basis, there is a material danger that ILEC discrimination will not only block local competition, but contaminate existing toll competition as well.

Unequal Bargaining Power. Sections 251 and 252 of the Act require the Commission to adopt strong and clear national rules because the ILECs have no incentive to cooperate with their potential competitors. The RBOCs will be able to challenge interexchange carriers for our customers immediately after lifting of the interLATA restriction, with virtually no additional investment, simply by expanding their preexisting toll product lines. In contrast, IXCs only will be able to fully compete in this full service market in all geographic areas by expanding our use of the dominant ILEC network. This will be impossible unless the Commission adopts, and the states and the Commission then enforce, strong rules that make efficient and non-discriminatory use of the ILEC network a practical option.

The Commission, moreover, should take care to preserve its own bargaining position vis-a-vis the ILECs, or widespread local competition will never get off the ground. It must preserve its single carrot -- the keys to RBOC entry into the interLATA market -- until Sections 251 and 252 are demonstrated to be fully implemented. And the Commission must preserve its "sticks," through timely enforcement procedures accompanied by serious penalties for non-compliance.

Network Unbundling. Section 251(c)(3) requires ILECs to make available their local network elements to other carriers at economic cost and on a non-discriminatory basis. The Act also gives requesting carriers the right to combine those elements to create platforms over which they can provide any telecommunications service -- local, exchange access, ancillary features, toll, or any other product they might design. The elegance of the unbundling provision is its neutrality: it allows market forces to determine how carriers will use the ILEC network, what services they want to provide, and where it is efficient for carriers to construct alternative networks.

In these comments WorldCom identifies the core network elements that ILECs must make available as an initial matter to permit local competition to begin. That list will undoubtedly grow as carriers request additional elements and functionalities. The Act expressly provides carriers a right to obtain network elements at any "technically feasible point." The Act also permits no restrictions on how the elements are combined and used.

WorldCom emphasizes in particular the importance of unbundling the local switching element. We have been active in state local competition proceedings

over the past year explaining the importance of this element to competition with the ILEC. The Act now makes this element mandatory. Unbundled switching provides cost-based switching functionality, including the ability to connect lines, provide features, collect information necessary for billing, and designate trunk groups.

The Act provides that requesting carriers will pay cost-based rates for interconnection and unbundled network elements. The Notice is correct that "cost-based" means pricing at economic cost, that is, TSLRIC. The Act recognizes that competition will be possible only if all carriers dependent on the ILEC network face the same cost structure as the ILEC. The Commission also is correct that TSLRIC gives appropriate signals to the market to ensure efficient entry, construction of new facilities, and telecommunications service use by subscribers. TSLRIC is a commonly-used standard in state commission proceedings, so it can be implemented without material delay.

Interconnection is Access. The 1996 Act creates a comprehensive system for all inter-carrier arrangements that replaces the existing hodge-podge of access charges, interconnection agreements, and other private ILEC to ILEC contracts. The Act does not distinguish among carriers with respect to who they are, what services they provide, or how they use the ILEC network.

This conclusion is supported both by the language of the Act itself, and by the Act's practical goals. So long as ILECs are allowed to charge a different, above-cost rate for interconnection used to originate and complete "toll" calls (however those calls may be defined in a full-service world), ILECs will be able to exploit that power to block competition. It goes without saying that if RBOCs

engage in such discrimination, they cannot meet the interLATA entry test of Section 271.

WorldCom recognizes that the Commission faces transitional issues because it must adopt rules under Section 251 and 252 before it has completed its universal service docket. We do not oppose limited *short-term* waivers of those sections to address transitional issues directly as such. However, the Commission must not excuse the ILECs from compliance with the express cost-based pricing requirements of the Act on a *long-term* basis.

Service Resale. Section 251(c)(4) of the Act provides another option for requesting carriers: resale of the ILEC's retail services. Under this option, unlike network unbundling, carriers are constrained by the ILEC's marketing decisions regarding service design and pricing; competitors cannot develop products of their own.

Nevertheless, the ILECs can be expected to burden the service resale option in important respects. The Commission therefore must adopt clear rules that forbid an ILEC from restricting the resale of any of its products, including promotional offerings and discount plans. The Commission also should adopt clear national standards to govern the wholesale pricing of these services. These standards should require the ILECs to eliminate all avoided retailing costs from their retail prices to create their wholesale rates.

Operational Issues. WorldCom fully agrees that competition requires the ILECs to provide requesting carriers with operational support equal to that

they provide to themselves. This principle applies whether the ILECs are providing network elements, interconnection or wholesale services for resale. In each case operational support should be sufficient to ensure that customers do not face material differences in the quality of service they receive due to actions or inactions by the ILECs. Operational support also should be sufficient to allow subscribers to migrate from the ILEC to another carrier as quickly and as transparently as customers change toll carriers today.

The Commission is charged with crafting regulations that will result in effective competition in a market that has long been treated as a natural monopoly, where there is little experience to serve as a model, and where the ILECs have little incentive to cooperate. The Commission should preserve the flexibility to make adjustments to the rules it adopts here as it gains more information through the implementation process. But it should begin by adopting a set of strong, pro-competitive rules now.

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To: The Commission

COMMENTS OF LDDS WORLDCOM

WorldCom, Inc., d/b/a LDDS WorldCom ("LDDS WorldCom" or "WorldCom"), hereby submits its comments in response to the Commission's Notice of Proposed Rulemaking ("Notice"), FCC 96-182, released in the above-captioned proceeding on April 19, 1996.

INTRODUCTION

LDDS WorldCom commends the Commission for the hard work and analysis reflected in the Notice. It marks an excellent start to perhaps the most important proceeding in the Commission's recent history. As the Notice recognizes, the Telecommunications Act of 1996 (the "1996 Act" or the "Act") creates an entirely new paradigm. 1/ Passage of the Act marks the first step toward replacing nearly

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1/ Notice at ¶ 3.

100 years of local monopoly with the benefits of competition and consumer choice. The rules that the Commission adopts here will form the foundation for development of an entirely new industry structure over the next decade -- one where legal and other barriers between services and service providers may give way to market forces.

The Notice raises many complicated questions, covering many different topics. LDDS WorldCom will focus in its comments here on those issues that it views as the most critical. In particular, we will discuss the requirements that incumbent LECs ("ILECs") provide network elements under Section 251(c)(3), wholesale services under Section 251(c)(4), and interconnection under Section 251(c)(2).

Our decision to refrain from addressing other issues does not mean that we view them as unimportant. In the interest of both the Commission's time and our own, LDDS WorldCom expects to use its reply comments to endorse the positions of other parties on matters not covered here.

In addition, LDDS WorldCom is a member of a coalition of long distance companies, the Telecommunications Carriers for Competition ("TCC"). This group will be filing separate comments today addressing certain important issues in more detail. We endorse those consensus comments and urge the Commission to use them as a basis for developing rules in this proceeding.

As requested, LDDS WorldCom will attempt to simplify the Commission's task here by cross-referencing its discussion back to the Notice. 2/ We will address specific questions and tentative conclusions raised by the Notice beginning in Section II below. First, however, we set out our general views concerning how the Commission should approach its responsibilities under the Act to promote local exchange competition.

I. THE COMMISSION'S ROLE IN CREATING LOCAL COMPETITION.

A. The Core Problem of Unequal Bargaining Positions.

This proceeding is fundamentally about unequal bargaining power, and how the Commission must counterbalance that inequality to create competitive choices for consumers. The Act establishes the framework for a deal: An RBOC will be allowed to provide interLATA services *if* it allows other carriers to use the ubiquitous local network to provide their own local exchange services. More generally, all LECs eventually may be granted reduced regulation *if* they do the same and competition develops. The cornerstone of the Act is cost-based and non-discriminatory use of the local exchange network by all parties.

This is far easier said than done. As the Notice recognizes, "incumbent LECs have vastly superior bargaining power" because they control essential access

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2/ In general we will refer back to relevant paragraphs of the Notice at the beginning of each section, and at the end of paragraphs here that respond to specific Notice paragraphs.

to their monopoly customer base. 3/ Furthermore, they have little incentive to cooperate with their potential competitors. The RBOCs in particular have no incentive to do anything beyond the minimum necessary to win the carrot of interLATA entry. They can afford to stonewall, to dribble out concessions, to withhold opportunities, and to deny cost-based and non-discriminatory terms and conditions. Aside from the carrot of interLATA entry, the RBOCs have no other reason to be cooperative with their potential competitors. They face no market pressures to make their networks available. Quite the contrary, they have every reason to deny others efficient access to the primary source of their local market power. And if the RBOCs think they can win the interLATA carrot cheaply -- and quickly -- without fully meeting the terms and spirit of the Act, they have all the less reason to bargain fairly with their future rivals. 4/

Indeed, the RBOCs in an important sense are now negotiating the terms of their interLATA entry with the Commission. In their comments today they will put on the table their minimum offer for interLATA entry. Inevitably their proposals will be insufficient and unacceptable, and the Commission will have to set much higher requirements.

3/ Id. at n.19.

4/ It is worth remembering that the Bell System was broken up because AT&T was using its control of the bottleneck local network to prevent long distance competition from rivals who required access to that network. Now new local service competitors will be at least as dependent upon access to the ILEC network. Hence, the discrimination problems that originally required divestiture are magnified here.

The negotiation process will not end there. After rules are adopted in this docket, the RBOCs will begin the process of claiming compliance with those rules through the most meager actions possible. They will test the Commission's will to enforce the competitive mandates of the Act. They may accept an initial rejection of a Section 271 entry application, and even rejection of a second or third application, in an attempt to wear the Commission down. Again, they face no incentive to cooperate beyond the carrot of interLATA entry, and they can wait awhile for that if it means that they ultimately can preserve most of their market power to deny their competitors cost-based use of their networks.

The Commission, along with the states, has bargaining power that potential competitors to the RBOCs do not. 5/ We can sit across a table and ask the RBOCs to comply with the terms of the Act, but we can offer the RBOCs nothing for doing so except the prospect of new competition for their monopoly customer base. 6/ It is the Commission that ultimately holds the carrot of interLATA entry.

5/ LDDS WorldCom fully endorses the Notice's recognition that ILECs face no material competition today. See Notice at ¶ 7. In the months to come, the Commission should take care not to confuse attempts to compete with competition itself. Undoubtedly numerous firms may initiate negotiations. However, what is relevant will be actual competition through cost-based, non-discriminatory use of the ILEC network.

6/ The Commission's unsatisfactory experience with expanded interconnection demonstrates the ability of the RBOCs to stonewall and delay. See, e.g., Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport, 10 FCC Rcd 6375, 6380 (1995) (finding "that the LECs were strategically assigning high overhead loadings to deter efficient entry by interconnectors into the interstate access service market"); Local Exchange Carriers' Rates, Terms, and Conditions for

We (as future competitors) and consumers (as the beneficiaries of that competition) therefore must rely on this Commission to fulfill its responsibilities under the Act. The Commission must set clear and detailed rules for compliance with Sections 251 and 252 of the Act, rules that create meaningful competitive opportunities. The Commission must make clear that RBOCs will not receive the interLATA carrot until those rules are fully and completely implemented. And the Commission must leave itself room to revise the rules in the face of practical experience over the coming months and years.

B. Balancing the Plain Language of the New Act With Transitional Issues.

LDDS WorldCom commends the Commission for recognizing in the Notice that the 1996 Act marks a fundamental restructuring of the terms and jurisdiction of telecommunications regulation in this country. We also realize that the scope of these changes will require new thinking and much new work on the part of all carriers, customers and regulators.

At the outset, WorldCom wishes to emphasize the importance of all parties facing up to the plain language and intent of the statute. The Act creates "transition issues" for everyone. LDDS WorldCom and other long distance companies, for example, will be forced to learn how to be local service providers in

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Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport, 10 FCC Rcd 11116, 11117 (1995) (designating for investigation questions whether overhead loadings in LEC virtual collocation tariffs were excessive and whether maintenance charges for virtual collocation tariffs justified).

the full service world that will arise from the elimination of conventional market lines. Other parties will face other business problems as they adapt to the new paradigm.

As the Commission begins to implement the Act, it should draw its instruction from the plain meaning of the statute, which clearly spells out the rights and obligations of competing carriers. We emphasize this point because we expect ILECs to resist the mandates of the Act in part with complaints regarding the impact that those mandates will have on their businesses. Those impacts, however, are at best transitional and largely irrelevant. All carriers will face new problems and issues; that is what competition is about. The Act does not permit the Commission to excuse ILECs from the Act's requirements to protect their monopoly-based revenue streams or other interests.

Put another way, it is crucial that the Commission distinguish between (a) what the Act requires, and (b) the separate question of how the Act should be implemented as a transitional matter to arrive at what the Act requires. In most cases there will be no reason to delay the Act's mandates. But if the Commission identifies bona fide transitional concerns, they should be handled as such. The Commission should not trim back the Act's permanent mandates to address short-term implementation issues.

This issue may arise most pointedly in the context of ILEC pricing and universal service. The Act requires the Commission and the states to replace the

current system of hidden costs and cross-subsidies in ILEC pricing with a new universal service fund that is explicit, nondiscriminatory and competitively neutral. 7/ This process is crucial to competition, but it will not be completed until early next year. Meanwhile, Section 251 requires cost-based, non-discriminatory pricing to be ordered in this proceeding.

LDDS WorldCom explains below how the Commission can transition to the cost-based pricing required by Section 251 pending completion of the universal service reform docket. However, we expect some ILECs to raise this *short-term* transition issue as a reason not to fully implement the *long-term* cost-based pricing requirements of the Act. That course would violate the plain meaning of the Act. More important, it would contaminate all future attempts to develop local competition according to the careful balance of the Act long after the transitional issues have been addressed.

Our central point here is that the Commission should resist any suggestion that because a given statutory requirement has an adverse economic impact on the ILECs, that requirement should be read out of the statute altogether. This proceeding is not an opportunity to return to the legislative policy debate. If the Commission decides that the Act creates transitional issues of concern, it should deal with them as such. In special circumstances it can excuse a carrier or group of carriers from meeting a particular requirement based on an adequate public

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7/ See 47 U.S.C. § 254(e)

interest showing. But that waiver should be for the minimum period of time necessary to resolve the transitional issues. 8/ And the transitional issues qualifying for such waivers should be justified based on broad public interest factors, never on the private business interests of the ILEC.

C. Basic Themes to Guide This Proceeding.

LDDS WorldCom fully appreciates the difficult task before the Commission over the next two months. The Commission is asked to make dozens of decisions in this docket that are critically important to the future of the nation's telecommunications markets. And it is asked to do so in an environment in which there is little or no technical experience in many areas to serve as a guide.

LDDS WorldCom believes that the Commission would serve itself and the nation well if it began by adopting the following themes to guide both its decisionmaking process here, and the continuing activity that will be required after release of the initial order in August.

1. All consumers, in all sections of the country, should enjoy local exchange competition soon.

Section 251 is elegant in its refusal to prescribe the means by which local exchange competition will develop in any given location at any given time.

8/ Of course, any such temporary waiver could not excuse the RBOCs from meeting the underlying statutory requirement before filing an interLATA petition under Section 271. We assume that the Commission would make any waiver voluntary rather than mandatory to permit an RBOC to make a Section 271 showing if it wished before any applicable transition is completed.

The Act recognizes that all new entrants will depend completely or substantially on use of the preexisting ubiquitous LEC network. As the Notice recognizes, the Act creates a path by which new facilities need be brought on only where and when it is efficient to do so. 9/

A major benefit of the Act's design is that, properly implemented, consumers can enjoy local service alternatives everywhere relatively quickly, even if for some time (and in some locations indefinitely) it remains inefficient to engage in additional construction. This point is particularly important to a long distance firm like WorldCom, which has a large customer base dispersed broadly in urban, suburban and rural markets across the country. If ILECs are free to compete for our customers everywhere, we must be able to compete for theirs. 10/ As the

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9/ See, e.g., Notice at ¶¶ 8-15.

10/ In that sense an IXC is in a very different position from a CAP that has no preexisting customer base. The CAP business strategy may be to ignore most customers and only focus on a particular discrete geographic and business target market. The IXC, on the other hand, must be able to provide service broadly to a dispersed customer base that is not geographically concentrated.

In a recent speech, Chairman Hundt raised the question of how telecommunications competition would effect his grandmother living in Kalamazoo, Michigan. He noted that Kalamazoo "is a community unlikely to be one of the first competitive battlegrounds in telephony." It may be true that CAPs or potential facilities based competitors will not put Kalamazoo high on their list for local market entry. However, LDDS WorldCom, like many other long distance companies, already provides interexchange services to consumers in Kalamazoo. In the post-1996 Act environment, we would like to retain those customers. To do so, LDDS WorldCom and the other IXCs will need to offer local service in addition to their long distance service as soon as Ameritech begins to offer these Kalamazoo customers long distance services with their existing local service. Unlike CAPs, IXCs will not have the luxury of choosing the communities in which to do combat;

Commission creates rules in this docket, it should do so consistent with this pro-competitive outcome.

2. Entry to the local market should be as easy as entry to the toll market.

The basic goal of the 1996 Act is to create an environment in which today's "long distance" and "local exchange" companies will enter each other's markets and compete across all services. But as the Notice recognizes, the relative entry barriers facing these respective sets of companies are not the same. LECs face only legal, not technical or facilities-based barriers. They already provide long distance service today. They provide retail intraLATA and increasingly interLATA service, subject only to the legal restriction on in-region interLATA wireline service imposed on the RBOCs. Furthermore, the LECs already participate in virtually all other long distance traffic. They already have the capacity to switch all calls at the originating and terminating ends and provide necessary transport services. It will take little for them to switch traffic to their own interLATA networks instead of those of the IXCs. 11/

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as soon as an RBOC is authorized to provide interLATA long distance in a state, the competitive battle will be joined throughout that state.

11/ According to Commission sources, the LECs control local loops to every home and business in the country -- over 147 million in all. See Statistics of Communications Common Carriers (FCC 1993/1994), Table 2.5, pp 20-21 (Total Switched and Special Access Lines for Reporting Local Exchange Companies as of Dec. 31, 1993). The LECs operate over 17,000 local switches, see Infrastructure of the Local Operating Companies Aggregated to the Holding Company Level, Industry Analysis Division, Common Carrier Bureau, FCC (April 1995), that together route virtually every local and toll call placed by any caller in the nation --

The ease of RBOC entry into the interLATA market has been dramatized by the large wholesale interexchange contracts that the RBOCs and GTE have entered into since passage of the Act. 12/ They are able to obtain interLATA facilities on a competitive basis from one or more national networks, without the need to construct additional facilities of their own. 13/ Furthermore, existing presubscription procedures stand available to permit RBOCs to take over toll customers quickly and inexpensively.

In contrast, long distance companies and others face technical and economic barriers to entry more than just legal ones. 14/ They require access to

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representing over 522 billion calls in 1993, (of which only 77 billion were toll). See Statistics of Communications Common Carriers, supra, Table 2.6, p. 22. And the LECs own about 2.5 billion kilometers of cable and wire facilities. See id., Table 2.2, pp. 12-14.

12/ See LDDS WorldCom to Provide Inter-LATA Services for GTE, Telecommunications Reports, February 12, 1996; Sprint Agreement to be Bell Atlantic's underlying interexchange carrier, Telecom Reports, March 18, 1996, LCI/Bell Atlantic deal for cellular long distance, Business Week, February 26, 1996 at p. 33. Note also WorldCom deals with Ameritech, announced February 12, 1996 and Southwestern Bell Mobile, announced February 14, 1996.

13/ Bell Atlantic's Chief Executive Officer recently noted that long distance is a market "you can enter with almost no investment." Business Week, May 6, 1996, at 32. Similarly, the Chief Executive Officer of US West has stated: "I don't want to go build facilities. A tremendous capacity already exists in this business, and I don't want to be putting in the fifth or sixth fiber network across the U.S. That's nonsense. You can buy transport from either the existing branded companies or the other facility-based carriers that are already out there. I think you can buy wholesale-type transport. * * * It's a very low cost entry on the part of the telephone company." Interview with Richard McCormick, Chief Executive Officer, US West, Broadcasting and Cable, September 11, 1995, at 40.

14/ Even this statement assumes that the Act's preemption of legal restrictions on competition is carried out quickly and completely. See 47 U.S.C. § 253(a). In

essential facilities inputs controlled by the ILECs. They must depend on the outcome of this docket -- and the ongoing arbitration and enforcement proceedings to follow -- to surmount that barrier. LDDS WorldCom will not elaborate further on this obvious point. Suffice it to say that without cost-based and nondiscriminatory access to the ILEC network as provided by Section 251, the Act's competitive goals will not be met. The appropriate goal is to make the local service market as freely competitive as the long distance market is today.

3. All ILEC competitors should be treated equally.

The 1996 Act establishes general rights to use the ILEC network that are held by all "requesting carriers." The Act does not distinguish among carriers based on who they are, what else they do to provision their services, or what services they sell. This non-regulatory approach allows market forces to determine how best any carrier can take advantage of the Act to meet consumer needs. The Commission has no discretion to indirectly pick winners and losers by deciding which carriers enjoy the benefits of Section 251.

4. Market forces, not regulation, should determine retail product design.

As a related point, the 1996 Act also is foresighted in its recognition that product lines such as those between local and toll are breaking down and should be left to market forces. The Act seeks to promote competition across all

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fact, however, it remains to be seen how rapidly legal barriers will fall. For example, states remain free to regulate local service in many ways. It is too early to assume that such regulation will not burden entry by new competitors in practice.

services, without reference to how the monopoly LEC has defined services in the past. For example, inherent in the drive to "one-stop shopping" is the opportunity for carriers to compete with one another regarding the scope of their local calling areas. New entrants, for example, may try to distinguish themselves from incumbents by offering state-wide "local" calling packages similar to LEC "extended area service" offerings.

The Act permits this competition to develop by eliminating artificial regulatory lines between local and toll and permitting carriers to meet retail customer demand freely. Any requesting carrier can exercise its interconnection rights to obtain cost-based use of the LEC network for the purpose of providing any service it chooses. The Act does not distinguish among requesting carriers based on how the carrier then prices the services it offers in the market (flat-rated vs. low per minute vs. higher per minute). The requesting carrier pays the ILEC's cost, and then prices services as competitive market forces demand. Similarly, the Act does not distinguish among traffic based on the technology over which the traffic passes before or after reaching the ILEC network. The requesting carrier pays the ILEC's cost whether the traffic transits wireline or mobile facilities of the requesting carrier (or both, or neither).

As the Commission implements the Act, it should stay true to this deregulatory principle. Rules promulgated under Sections 251 and 252 should not

interfere with market forces that will drive service design and technology decisions in the future.

5. Continuing flexibility will be needed to react to what is learned from the process of trying to break down the local exchange monopoly.

LDDS WorldCom has been active in state local competition proceedings for the past two years. If the telecommunications industry has learned anything in that intricate process, it is that there is still much to learn. Local competition has proceeded by fits and starts, by trial and error. It has sometimes gone down blind alleys and run into dead ends.

None of this is to minimize the extraordinary work of pioneering states such as Illinois and New York that have taken the lead in attempting to create local competition. Were it not for them, the nation would be even further from having a plan to break down entrenched local monopoly.

That said, however, the Commission should be modest in what it can accomplish in its initial order this August. The nation and the industry will learn much through the accelerated work to implement the mandates of Sections 251 and 252 that will follow from this order. Any action taken by the Commission here should explicitly recognize that new problems -- and new solutions -- inevitably will develop in the implementation process. The Commission should expressly leave itself the flexibility to revise its rules based on new information in the months to come. We recommend that this docket be kept open after August, so that the